

## **JEFFREY D. HATCHELL**

Hatchell is currently a Vice President and Business Banking Area Manager for Wells Fargo. In this role he leads a team of business bankers focused on providing financial service solutions to businesses with annual sales of \$2 to \$20 million. He is the only manager in his role that had no turnover with 10 direct reports over a 15-month period where the average turnover rate was 25%. Hatchell started with Wells Fargo as a Strategic Business Manager for California Business Banking Bay Division. In this role, Hatchell developed and helped execute business plans, sales initiatives, and enhanced partnering. In addition, Hatchell is a member of the Wells Fargo African American Strategic Board of Directors.

Prior to joining Wells Fargo, Hatchell founded "Over The Top Coaching Inc," a company he began to help young adults and people who want to change careers, uncover and maximize their talents, natural abilities, and skills. Through motivational speaking, communication skills workshops, and personal coaching, this passionate professional brings out the best in others to help them realize their full potential and to live more fulfilled lives.

Over his 20-year career, Jeffrey D. Hatchell has amassed sales, marketing, and management experience with major accomplishments at Fortune 500 organizations including Avery Dennison, IBM, Pitney Bowes and Bristol-Myers-Squibb. Most notably, Hatchell worked over six years with American Express as National Sales Director responsible for new business development. At American Express he is a recipient of their Grand Achiever award for sales excellence.

Jeffrey received his Masters of Business Administration degree (GPA: 3.7) from Nova Southeastern University and a Bachelor of Business Administration in marketing degree from Howard University. He is a recipient of "Who's Who in American Junior Colleges" award. Jeffrey is also the Vice President of Administration for the National Black MBA Association San Francisco Bay Area Chapter a leader with 100 Black Men of the Bay Area, and a member of the executive leadership at World Conquerors Church.

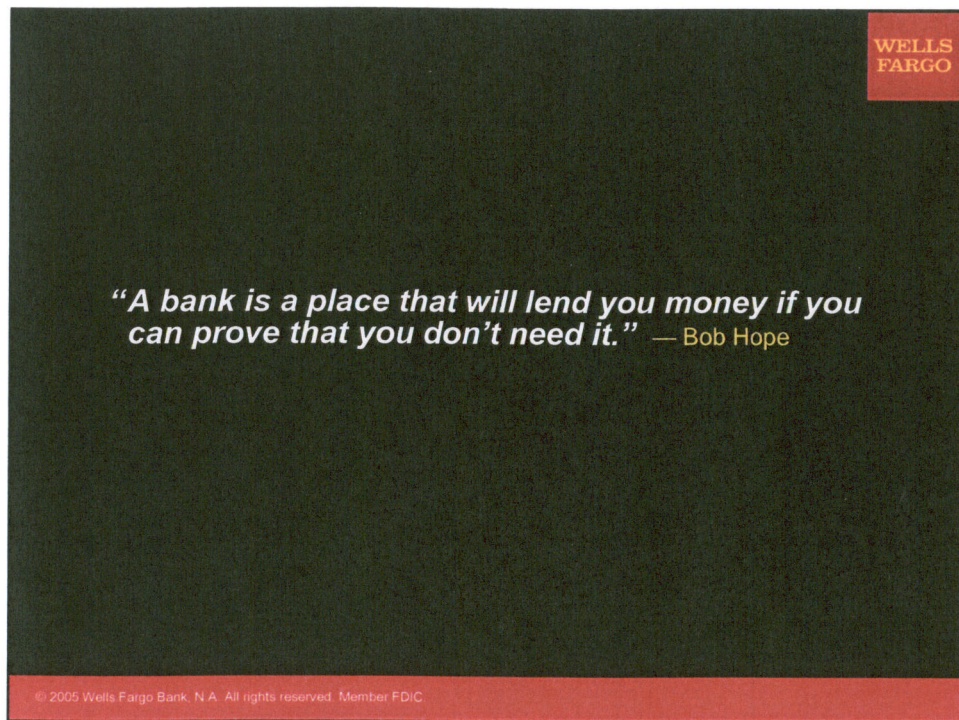
Hatchell enjoys spending time with his family, attending church, playing golf, tennis, and reading business and motivational books. Hatchell currently resides in Oakland, California with his college sweetheart Michelle. Their 12- year marriage has resulted in Jeff becoming a proud father of two daughters and one son. Jenay age 6, Justin age 3, and McKayla, age 1.

## **Lillian E. Lopez**

Lillian is currently a Business Deposit Consultant for Wells Fargo Bank. In this role she provides financial service solutions to businesses with annual sales of \$2 to \$20 million. She has been a Business Deposit Consultant for a year. Lillian started with Wells Fargo as Product Online Specialist in 2003. In this role, she identified the needs of prospective clients on financial services via telephone, e-mail, and online. In addition, she coordinated and directed Sales Campaigns for the Online Customer Service & Sales Team. Lillian is bilingual in Spanish and is a member of the Hispanic Chamber of Commerce of Contra Costa. As a Latina Lillian is serious in being able assist the Latino Community to achieve success in their Business goals.

Prior to joining Wells Fargo, Lillian was with Provident Financial as Customer Service & Sales Banker. In this role she provided prompt, accurate, and courteous responses to customers financial inquiries. While working for Provident Financial she received her Associates Degree in Applied Science and Business Software Application from Heald Business College.

Lillian enjoys spending time with her family and friends, traveling, getting to know different cultures, and enjoying different experiences that life has to offer. Lillian currently resides in Suisun City, California. She has an older Sibling which has three lovely daughters. She enjoys spending as much time with her nieces as possible and being a mentor to them.



Startup  
Growth  
Wealthbuilding  
Transition

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**Banking on Growth**

**Financing Strategies for your Small Business**

**Small Business Seminar Series**

**Presenters:**  
Jeffrey Hatchell  
VP & Business Banking Area Manager

Lillian Lopez  
Business Deposit Consultant

**Location:**  
JFK University, Pleasant Hill

**Date:**  
February 3, 2007

This advertisement is split into two main color sections: a blue vertical band on the left and a larger olive-green area on the right. The blue band contains the words "Startup", "Growth", "Wealthbuilding", and "Transition" in a light blue, semi-transparent font. The olive-green section features a faint, textured background image of people in business attire. In the top right of the olive section is the Wells Fargo logo. The main title "Banking on Growth" is prominently displayed in large, bold, white letters. Below it, the subtitle "Financing Strategies for your Small Business" is in a smaller white font. On the left side of the olive section, the event details are listed in white text, including the presenter Jeffrey Hatchell, the location JFK University, and the date February 3, 2007.



## Why Wells Fargo?

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The nation's big bank for small business.

Wells Fargo

- #1 SBA bank lender (\$) (SBA)
- Wells Fargo, the world's most-respected financial-services company (Barron's)
- Only "Aaa" rated U.S. bank (Moody's)
- "Best of the Web" (Global Finance)

Wells Fargo  
Small Business  
Banking Group

- 1.3 million small business clients in all 50 states

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## Banking on Growth

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### Think Like a Banker

- Healthy credit practices
- Making the business stand on its own



### How One Small Business Secured the Financing it Needed for Growth



### Your Best-Bet Financing Options and Resources


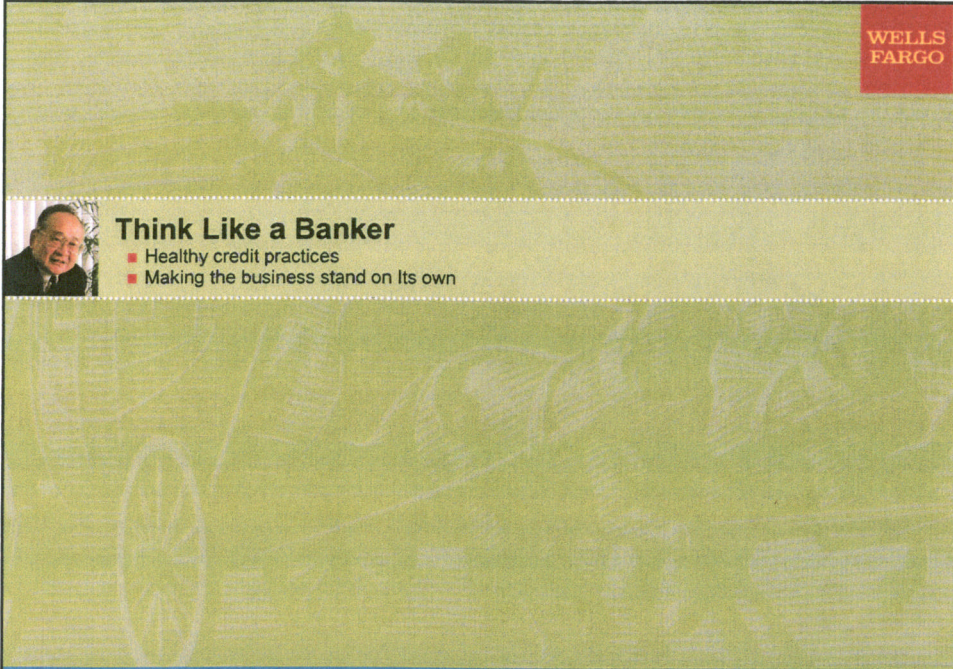



### Next 3 Steps to Your Financing Goals

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## Think Like a Banker

- Healthy credit practices
- Making the business stand on Its own

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## Think like a banker: Healthy credit practices

- The **5 Cs** of credit
- Credit: the good, the bad and the ugly
- "What if I have credit issues?"
- Credit score is about the bottom line

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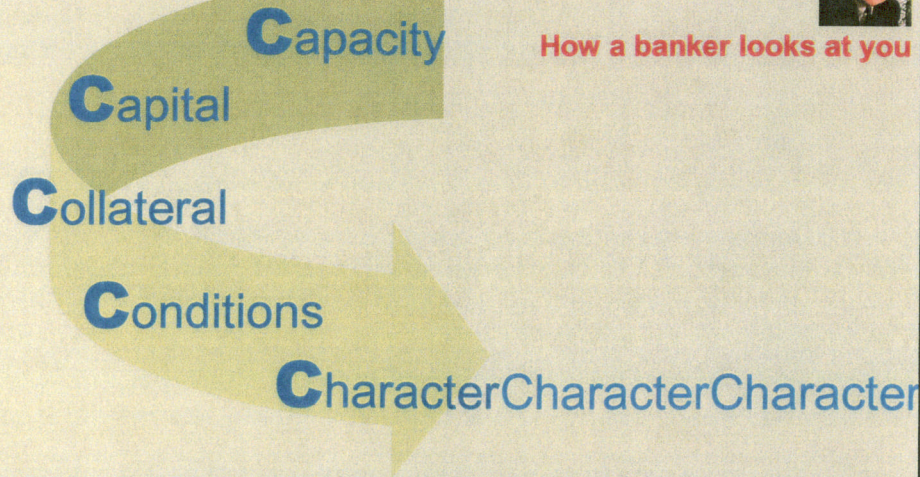


## The **5** Cs of credit

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How a banker looks at you



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## Credit: the good, the bad, and the ugly

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### The good

- Timely repayments
- Substantial debt repaid
- Low credit usage

### The bad

- Late payments
- Excess cards/inquiries
- Consumer finance debt

### The ugly

- Bankruptcy
- Tax lien
- Late mortgage payment

CharacterCharacterCharacterCharacterChara

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## “What if I have credit issues?”

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- Be diligent about correcting errors
- Make systematic deposits to an account
- Get a secured credit line or loan
- Reach out to reporting institution
- Close cards with zero balances
- Give yourself a credit education
- Don't go to a credit counseling service

TransUnion  
EQUIFAX  
Experian  
[AnnualCreditReport.com](http://AnnualCreditReport.com)

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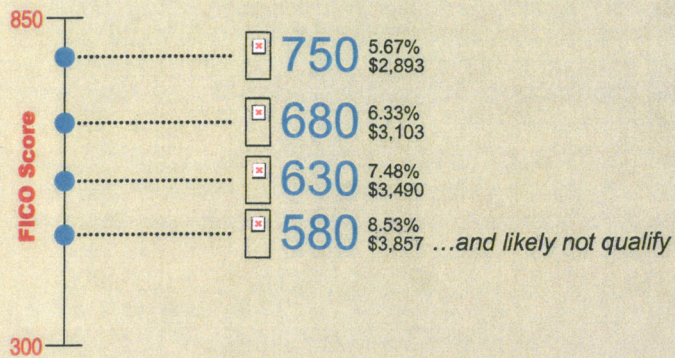
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## Credit score is about the bottom line

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FICO Scores, with estimated corresponding mortgage interest rates\* and monthly payments\*\*



\* Rates as of March 1, 2005

\*\* Sample payments on \$500,000 30-year fixed loan

Source: Fair Isaac & Co. FICO is a trademark of Fair Isaac & Co.

Sample rates and payments are for illustrative purposes only, and do not represent actual rates and payments available from Wells Fargo or any other lending institution on March 1, 2005.

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## Think like a banker: Making the business stand on its own

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- Lifestyle business vs. growth business
- Legal structure for growth
- Establish a business credit profile
- Show a profit while saving
- Top 4 financing pitfalls to avoid

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## Lifestyle business vs. growth business

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### The importance of making your business stand on its own as a credit entity

Issue	Lifestyle Business	Growth Business
Ownership structure	Sole proprietorship	Corporation
Credit establishment	Credit in personal name	Credit in business name
Financials	Organized for maximum tax efficiency	Organized for full disclosure and profit maximization

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## Establish the legal structure that will allow for growth

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	Sole Proprietorship	LLC	Corporation
<b>Duration of Existence</b>	Dissolved if sole proprietor ceases doing business or dies	Dependent on the requirements imposed by the state of formation	Perpetual
<b>Liability</b>	Sole proprietor has unlimited liability	Members typically not directly liable for the debts of the LLC, but bank will require personal loan guarantees.	Shareholders typically not directly liable for the debts of the LLC, but bank will require personal loan guarantees.
<b>Operational Requirements</b>	Relatively few legal requirements	Some formal requirements but less formal than corporations	Board of directors, officers, annual meetings, and annual reporting required
<b>Management</b>	Sole proprietor has full control	Members have an operating agreement that outlines management	Managed by the directors, who are elected by the shareholders
<b>Taxation</b>	Not a taxable entity. Sole proprietor pays all taxes.	If properly structured there is no tax at the entity level. Income/loss is passed through to members.	C-Corps: Tax liability at entity level. S-Corps: No tax at the entity level. (Income/loss is passed to shareholders).
<b>Raising Capital</b>	Often difficult unless individual contributes funds	Possible to sell interests, though subject to operating agreement restrictions	Shares of stock are sold to raise capital
<b>Transferability of Interest</b>	No	Possibly, depending on restrictions outlined in the operating agreement	Yes, but must observe IRS regulations on who can own stock

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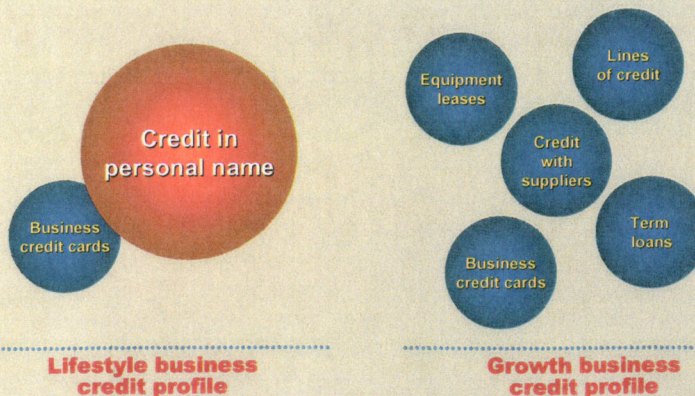
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## To become a growth business, you need to establish a business credit profile

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Dun & Bradstreet



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You *can* show a solid profit  
and *still* save tax-efficiently

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Closely-held  
business

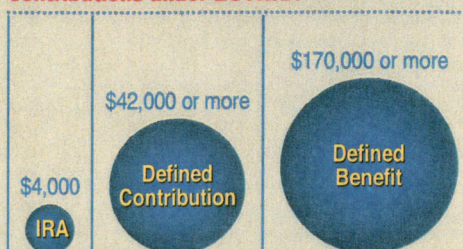


Retirement  
Plans

Investment  
portfolio



2005 maximum retirement plan  
contributions under EGTRRA\*



\*Consult your tax advisor for details.  
Assumption: Age 50 or below  
(Some figures are higher for savers over age 50)

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## Top **4** financing pitfalls to avoid

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Mixing business & personal...

**1** Failing to separate accounts

LACK OF PAPER  
PROFITABILITY

Poor cash flow planning...

**2** Underestimating expenses  
Overestimating expenses

CASH CRUNCH

Going it alone...

**3** Failing to hire or outsource

BOOKS IN  
DISARRAY

Giving away the store...

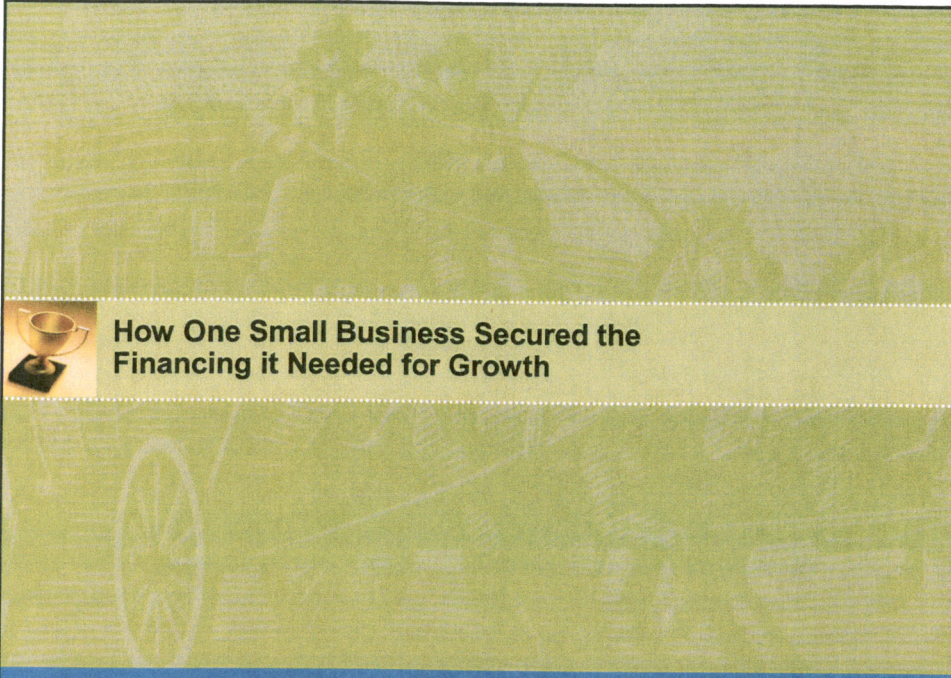
**4** Inadequate negotiation


LOW EQUITY  
PARTICIPATION

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## How One Small Business Secured the Financing it Needed for Growth


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## A small business success story


**IMRI**



**Information Management Resources, Inc.**

**Information Technology Consultants**

**Founder/CEO: Martha Daniels**



**Established in 1992**  
**5MM sales/yr.**  
**55 employees**

**Clients:**

- Dept. of Defense
- State of California
- IBM
- ARCO
- PG&E
- Dell

■ **Vision...**

- *"Translate business needs into technology solutions."*

■ **Keys to success...**

- *Develop strategy and focus on it*
- *Network to meet people*
- *Stay involved in community and business organizations*

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## IMRI's financing needs

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### Cover payroll of expanding business



... even as receivables  
extend past 45 days

### Build out office infrastructure



### Support mobility



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## IMRI's path to financing

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*"Watch the balance sheet."  
"Leverage leasing."*

### Conserve capital

- Leased office furniture
- Leased office equipment

### Diversify sources, match assets and liabilities

- SBA loan (7B)
- Letters of credit
- Auto loans
- Business credit cards




### Self-finance at first

- Factored receivables  
for first six months until  
cash flow positive

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## Your Best-Bet Financing Options and Resources

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## The right terms for the right needs

Short term?	<b>Term</b>	Long term?
General?	<b>Intended Use</b>	Specific?
General obligation?	<b>Backing</b>	Specific collateral?
Scheduled payments?	<b>Repayment</b>	Lump sum?
Neutral?	<b>Effect on Credit</b>	Negative?

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## Not your grandfather's SBA

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Basic  
7(a)

CDC  
504

SBA  
Express

### Special SBA loan programs

- Lower income areas
- Working capital lines of credit
- Communities suffering job loss
- Business district revitalization
- Export businesses

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## Credit product basics

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Business  
credit  
card

Lines  
of  
credit

Loans

Basic  
equipment  
financing



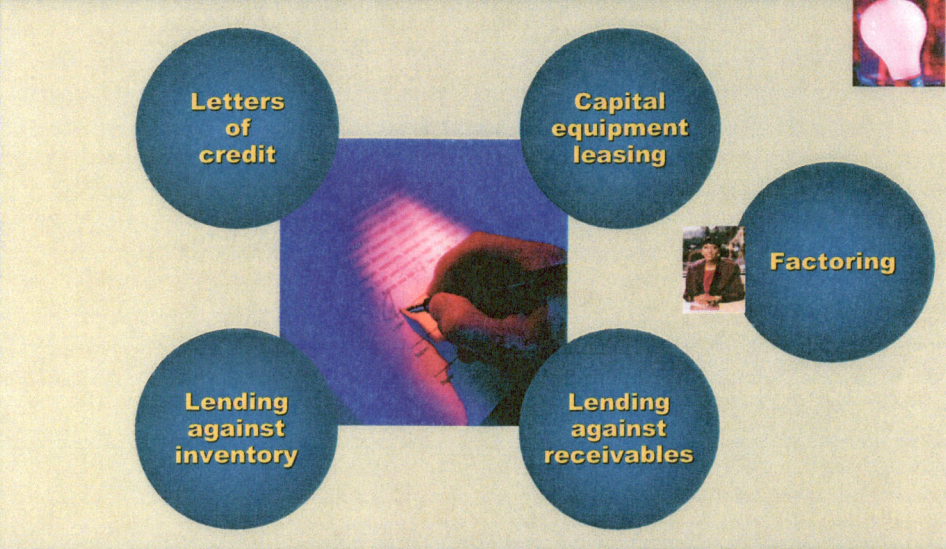
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## Investigate alternative forms of credit



**Letters of credit**

**Capital equipment leasing**

**Factoring**

**Lending against inventory**

**Lending against receivables**

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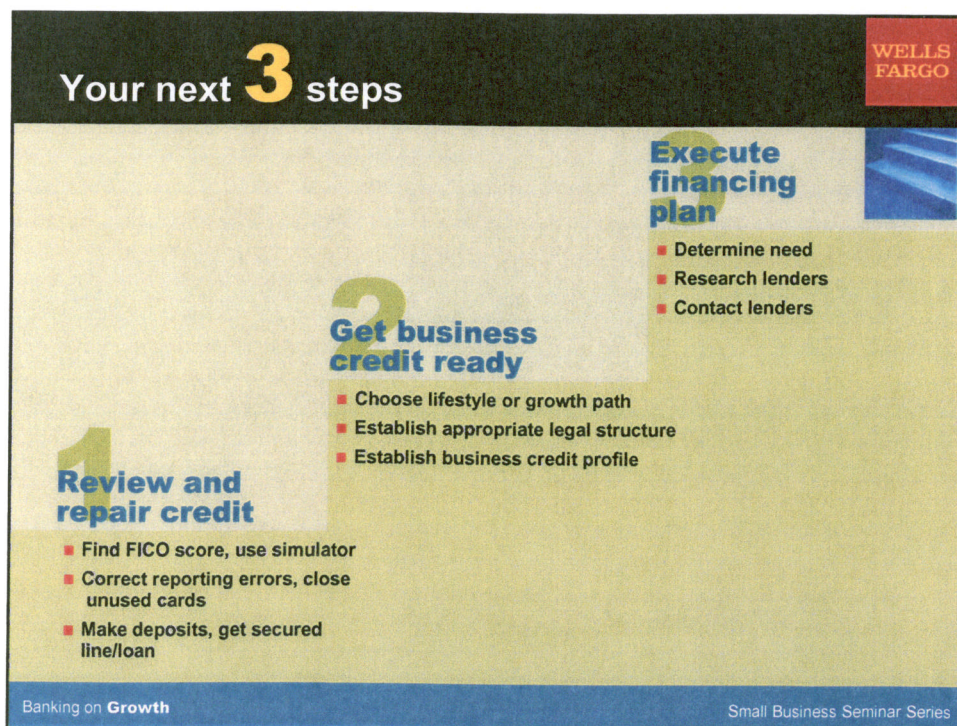
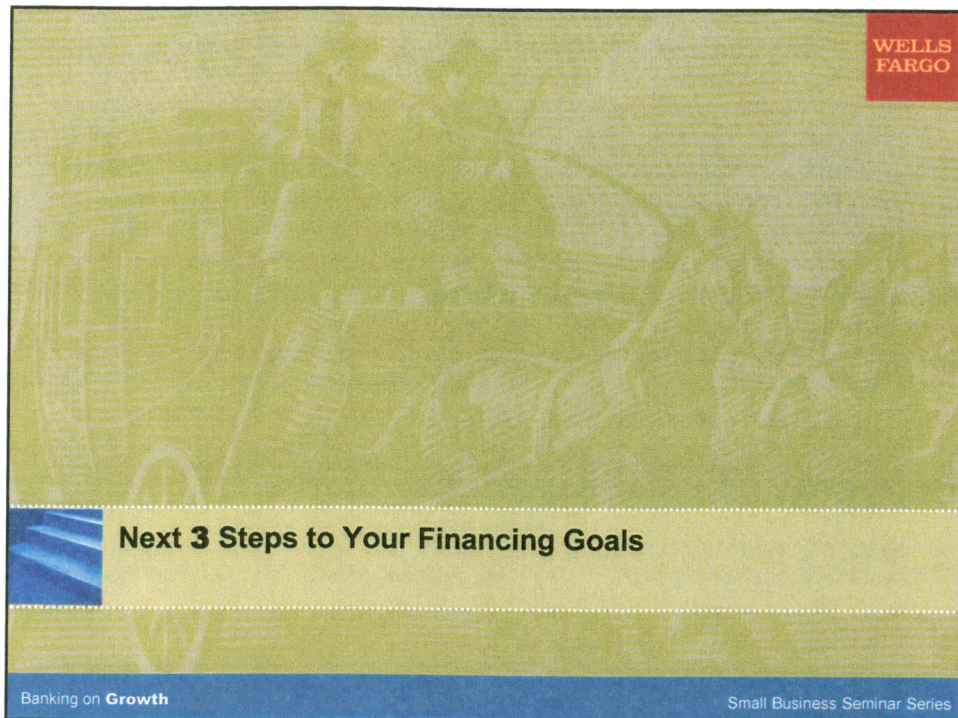
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## Resources from every corner

<p><b>Credit</b></p> <p><b>MyFico</b>  <a href="http://www.myfico.com">www.myfico.com</a></p> <p><b>Free Annual Credit Report</b>  <a href="http://www.annualcreditreport.com">www.annualcreditreport.com</a></p> <p><b>Credit risk research/DUNS number</b>  <a href="http://smallbusiness.dnb.com">http://smallbusiness.dnb.com</a></p>	<p><b>Financing</b></p> <p><b>SBA Loans</b>  <a href="http://www.sbaonline.sba.gov/financing/sbaloan/snapshot.html">www.sbaonline.sba.gov/financing/sbaloan/snapshot.html</a></p> <p><b>Venture Capital</b>  <a href="http://www.nvca.org/def.html">http://www.nvca.org/def.html</a></p> <p><b>Financing the Small Business: A Complete Guide to Obtaining Bank Loans</b>            by Robert Sisson</p>
<p><b>Legal</b></p> <p><b>Business Structure Basics</b>  <a href="http://www.entrepreneur.com/article/0,4621,319133,00.html">http://www.entrepreneur.com/article/0,4621,319133,00.html</a></p> <p><b>Selecting a Business Structure</b>  <a href="http://www.irs.gov/businesses/small">http://www.irs.gov/businesses/small</a></p> <p><b>How to Start and Run Your Own Corporation: S-Corporations for Small Business Owners</b>            by Peter I. Hupalo</p>	<p><b>Growth</b></p> <p><b>Business Owner's Toolkit</b>  <a href="http://www.toolkit.cch.com">www.toolkit.cch.com</a></p> <p><b>General Resources</b>  <a href="http://www.allbusiness.com">www.allbusiness.com</a></p> <p><b>Business Advisor Online</b>  <a href="http://www.wellsfargo.com/biz/products/resources/advisor/advisor.jhtml">http://www.wellsfargo.com/biz/products/resources/advisor/advisor.jhtml</a></p> <p><b>www.handsonbanking.com</b></p>

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## Questions *and* Answers

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